

Factors influencing Poverty Alleviation among Women Credit Beneficiaries in Tanzania: A Case Study of FINCA's Women Credit beneficiaries in Mwanza

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Abstract

Many credit schemes in Tanzania channel their funds to women with the objective of alleviating poverty among them. Despite this, majority of women in the country continue to wallow in poverty. The present research was carried out among the Foundation for International Community Assistance's women credit beneficiaries in Mwanza. The study set out to address the following objectives: to analyze the influence of the husband's cooperation, relevant training and interest rate on poverty alleviation among women credit beneficiaries in Tanzania taking Foundation for International Community Assistance in Mwanza as a case study. Using simple regression model, results showed that cooperation from the husband as well as relevant training influences poverty alleviation among women credit beneficiaries in Tanzania by 56 and 36 percent respectively. But interest rate was found to have no significant influence at all. The paper recommends that seminars be conducted so that husbands can be taught the importance of cooperating with their wives. Above all giving training to women credit beneficiaries will go a long way in sharpening their business skills. Future researchers should research on laziness and complacency among women credit beneficiaries and the influence on poverty.

Key Words: poverty, alleviation, women, Tanzania, credit

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1. Introduction

Globally, approximately one billion people are extremely poor living on less than US\$1 per day. Of the one billion people, women bear a disproportionately higher share of the poverty burden where two-thirds of them are illiterate and work in the informal sector drawing wages that are less than those of their male counter-parts (ILO, 2012). In the less developed countries the situation is not better for women either. The level of poverty in these countries is high among

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FINCA- Foundation for International Community Assistance, is a microcredit institution based in Mwanza, in Tanzania

them due to their exclusion from participating in the development process, political, cultural and social factors being culprits for such a scenario.

Politically, women in less developed countries are underrepresented in most of the political positions including parliament. Due to their under-representation in politics, it is hard for women's rights to be championed leading to less empowerment and increased poverty among them. Culturally and socially women are regarded as being inferior to men and therefore do not have the right to make decisions in matters affecting the community or their own households. The right to own land is men's preserve. Less developed countries have therefore reduced the social and economic potential contribution of women thereby failing to mobilise and benefit from them as an important human resource (Pearson, 1992).

In Ethiopia, the notion that women occupy a lower status in relation to men has relegated them to their houses where they are supposed to do household chores. Surprisingly however, even within the households where they are supposed to have an upper hand in decision-making it is men who have a final say concerning what is to be done and how. Even the money women obtain from microcredit institutions ends up in the hands of their husbands who have a say on how it should be utilised. This renders women less empowered and poorer (Gobezie, 2010). The perception that women are inferior to men has denied them control over resources in Bangladesh as they (resources) are controlled by men who have a say not only in community but in household decision making as well. This has rendered most married women less empowered and poorer than abandoned or widowed ones (Islam, et.al, 2008).

By 2001, women were the least empowered and the least literate in Nepal while violence against them was rampant. Like majority of women in other parts of the world, Nepalese women did not have the right to own land or even go to public places or school as their work was confined to the kitchen (Mayoux, 2008). Lack of land rights makes women vulnerable to poverty (IFPR, 2001). Discrimination against women does not manifest itself in terms of lack of land rights alone but in terms of doing heavy work and for long hours with less food intake. In India, while men were found to do light work, they ate more while women who were doing heavy and strenuous work ate less. This made them (women) vulnerable to nutrition deficient-related diseases thereby rendering them even poorer (Batliwala and Reddy, 2003).

In their efforts to bridge the poverty gap between women and men, which is made possible by discrimination meted against women, microcredit institutions are trying to empower women by giving them credit for investment. However, some microcredit institutions have not been able to achieve their target of empowering women because they (women) themselves face a number of challenges. One of the challenges they face is that of not having control over the loan they get as it is controlled by their husbands who use it for other things rather than investing it in viable projects. Since such loans are not invested in any successful business, loan recovery by microcredit institutions takes the form of women selling household items including utensils to repay it back. Apart from their loan being controlled by their husbands, women may sometimes be forced to use their loan for household consumption needs given their responsibility as family caretakers (where the husband is irresponsible and does not care about the family). This negates women's development and empowerment (Kabeer, 2001). Having the right to control their (women's) money

(loan) has to do with women having the independence to make decisions over their own lives. But given that decision making in many less developed countries is men's preserve, majority of women credit beneficiaries still remain disempowered, depressed and alienated in their communities, meaning that the objective of micro credit institutions to empower and get women out of poverty is likely to remain elusive for quite some time (blattman, 2013). In other cases, low literacy level among women, segregation by some Banks by not giving credit to women because of viewing them as not being potential clients and other forms of discrimination have exacerbated poverty in women despite numerous efforts by some microfinance institutions to empower them (Altay, 2013).

Due to the concern in regard to women's welfare, the Tanzanian government started taking steps to ensure equity of participation in development between men and women in order to overcome the economic challenges facing them. Two areas where the government has taken steps to ensure full participation of women in order to improve their welfare are in education and access to credit. In education, the government mooted a policy in which girls have access to education in order to improve their literacy level. Further, in order to ensure that women have access to credit on easy terms the Tanzanian government established two funds i.e. Presidential Trust Fund (PTF) and Women Trust Fund (WTF). However, despite their efforts to channel credit to women, they face numerous challenges that are economic, political and social in character (MCDWAC, 1992).

2. Literature Review

Survey of literature has shown that many researchers have contributed sufficiently in throwing the light on this concept of the factors hampering poverty alleviation among women credit beneficiaries. For example a study carried out by the International Labour Organisation (ILO) in Kenya in 2008 found out that many women are income poor yet they have to provide for their families. Despite the assistance they got from microcredit institutions lack of assistance or cooperation from their spouses or husbands made their burden heavier thereby complicating their efforts of increasing income in order to come out of poverty.

Gobezie (2010) reviewed empowerment of women in rural Ethiopia and found out that wife beating or harassment by husbands was a common occurrence. Though this practice was widely accepted by women themselves, microfinance institutions found it a stumbling block in their efforts to empower women by way of increasing their income levels and bring them out of poverty.

Oikocredit (2009) commissioned studies in Peru, Bulgaria, Philippines and Kenya whose results revealed that husbands took the money their wives got from microcredit institutions to waste it in other things rather than investing it in profitable businesses. Women or wives therefore ended up losing the money they obtained from microcredit institutions as it was taken and wasted by their greedy husbands. The same study found out that 75% per cent of the women needed consent from their husbands in order to make any household decision. This included decision on where and how to invest the money obtained from microcredit institutions.

Lakwo (2006) found out that customs and traditions made women in Alwi Parish in Uganda to be relegated to the kitchen and not taking part in overall decision making. Women were regarded as being inferior to men and were not

allowed to make decisions even concerning the money they got from micro-credit institutions. Whatever money they got from those institutions they gave it to their husbands to determine how it should be used. In most cases, non-cooperative husbands wasted the money. UNDP (2008) revealed that women's lack of control over fertility decisions made them poorer. This came about as a result of being forced by their non-cooperative husbands to bear more children leading to the increase in the number of children in their households. The increased number of children obviously consumed whatever little money women got (in the form of credit) from microcredit institutions plunging them farther into poverty.

Choudhury (2008) asserted that once women acquired credit from microcredit institutions, it was controlled by their husbands who ended up using it for starting other enterprises. In other cases such credit (money) was used for meeting day-to-day household needs especially consumption. Therefore access to credit did not empower women as the money was used for meeting household consumption and other day-to-day needs. This plunged them deeper into poverty. Parvin, et.al (2004) conducted a study in Bangladesh whose results revealed that women's income was controlled by their husbands who used the money for other things other than viable business activities. As a result such women remained less empowered and poorer. The same study exposed the predicament of Jhorna (30), a mother of two. She had a husband who was uncooperative, because he was not hard working and therefore cared less about the family. Though her income increased through some small investments she made out of the money she obtained from Rural Employment Creation Project (RWECP), her income would have increased more than it did had her husband been cooperative. Another study conducted by Rahman (1986) among 151 Grameen Bank women credit beneficiaries concluded that 25 percent of them gave their loan to male family members. The study further revealed that those women had a tendency of transferring a greater proportion of their successive loans making them to continue languishing in poverty since the loan they got did not benefit them directly but got diverted to other things.

In regard to training, Islam et.al (2008) conducted a study on rural women and poverty in Bangladesh whose results revealed that credit and training helped improve the standard of living of women in rural Bangladesh. In particular, the training given to women gave them entrepreneurial skills, a necessary component for the success of any business activity. Fasoranti (2010) conducted a study on the influence of microcredit on poverty alleviation among rural dwellers in Nigeria which revealed that 40, 33.3 and 26% of the respondents (i.e those who had obtained credit from microcredit institutions) had primary, secondary and above secondary education respectively. The surveyed credit beneficiaries had high chances of coming out of poverty because the formal education they had acquired had the likelihood of enabling them to choose viable investment options.

Irobi (2008) carried out a study on microfinance and poverty alleviation in Nigeria whose results showed that differences in income poverty emerged due to lack of training. Those who lacked training had no skills to enable them to choose the best investment options. This made them less empowered and therefore poorer than their counterparts who had been trained.

3. Research and Methodology

The population of study comprised of Foundation for International Community Assistance's women credit beneficiaries who were 286 in total. In order to extract authentic information from the respondents, only literate women (286) were selected and given questionnaires. The first group of respondents were sent the questionnaires and requested to fill and send them back to the researcher while respondents in the second group were requested to fill and then collected in person by the researcher after some time. Out of a total of 286 questionnaires, 105 filled questionnaires were obtained. Questionnaires were used because the population of study was relatively large while time was a constraint.

3.1 Objectives of the Study

- a) To find the influence of cooperation from the husband on poverty alleviation among the Foundation for International Community Assistance's women credit beneficiaries in Mwanza.
- b) To assess the influence of interest rate on poverty alleviation among the Foundation for International Community Assistance's women credit beneficiaries in Mwanza.
- c) To examine the influence of relevant training on poverty alleviation among the Foundation for International Community Assistance's women credit beneficiaries in Mwanza.

3.2. Research Hypotheses

The study had the following hypotheses in the form of null (H_0) and alternative hypotheses (H_1). The data collected was used to test each hypothesis on the rule that failure of the null hypothesis suggests that alternative hypothesis holds and vice versa.

a) Husband's cooperation

H_0 : A husband's cooperation has no influence on poverty alleviation among FINCA's women credit beneficiaries in Mwanza

H_1 : A husband's cooperation influences poverty alleviation among
FINCA's women credit beneficiaries in Mwanza

b) Interest rate

H_0 : Interest rate has no influence on poverty alleviation among
FINCA's women credit beneficiaries in Mwanza

H_1 : Interest rate influences poverty alleviation among FINCA's
women credit beneficiaries in Mwanza

c) Training

H₀: Training has no influence on poverty alleviation among FINCA's women credit beneficiaries in Mwanza

H₁: Training influences poverty alleviation among FINCA's women credit beneficiaries in Mwanza

3.3 Scope of the study

The study examined the factors influencing poverty alleviation among women credit beneficiaries. The study was conducted in Mwanza town concentrating on women who borrow loans from Foundation for International Community Assistance (FINCA).

4. Application of the Model

The model considered poverty alleviation function and took the following form with the variables of the econometric specification included:

Econometric model

$$L_i = \ln(p_i / 1 - p_i) = \beta_0 + \beta_1 X_i + \varepsilon_i$$

Model specification

$$L_i = \beta_0 + \beta_1 Ch + \beta_2 Interest + \beta_3 Reltrain + \varepsilon_i$$

where;

Palleivation (logit) is a dummy dependent variable where 1 was given to the woman who was successfully taken out of poverty by the credit scheme and 0 otherwise. Ch is cooperation from the husband where 1 was given to a woman who got cooperation from the husband and 0 otherwise.

Interest is the interest rate which was recorded in percentage according to the credit given to each individual.

Reltrain is the relevant training given to women where 1 was given to an individual who had obtained relevant training about entrepreneurship and 0 otherwise.

5. Empirical Findings

Presented below are logit regression results in tabular form.

5.1 Logit regression Results

Table 1: Stata Result from Logit Regression

Variable	Coefficient	Std. error	Z- value	Probability of Z-value
Constant	-0.2440479	1.698916	-0.14	0.886
Ch	2.703074	0.5748853	4.70	0.000
Interest	-38.14499	37.03948	-1.03	0.303
Reltrain	1.720885	0.5595192	3.08	0.002

Number of observation = 105; LR chi2 (3) =54.33; Prob > chi2 = (0.0000); Pseudo R2 = 0.3894

Source: Field data, 2012

From the table above, it can be observed that the probability values of the Z statistic for the two independent variables, that is, Cooperation from the husband and relevant training are 0.00 and 0.002 respectively. This means that Cooperation from the husband (Ch) and Relevant Training (Reltrain) are significant at 5 percent significance level, implying both have a significant influence on poverty alleviation process among women credit beneficiaries but interest (Interest) is insignificant. The probability value for Likelihood Ratio (LR) test following chi2 is 0.0000 suggesting that the overall model is significant at 5 percent. This is proof that the results are credible to be used for further analysis and interpretation.

Cooperation from the husband (Ch) coefficient of 2.703074 implies that if Cooperation from the husband (Ch) increases by a unit while other variables are held constant on average the estimated Logit increases by about 2.703 units, suggesting a positive relationship between the Logit and Cooperation from the husband. Relevant training (Reltrain) coefficient of 1.720885 suggests a positive relationship, meaning that if relevant training (Reltrain) increases by a unit, on average the estimated Logit increases by 1.720885 units keeping other variables constant.

However, the interpretation will be meaningful in terms of odds (rather than in terms of Logit) which is obtained by taking the anti-log of the above partial slope coefficients. Thus the anti-log of Cooperation from the husband (Ch) coefficient is $14.92554 (\approx e^{2.703074})$. This indicates that Cooperation from the husband has the possibility of alleviating poverty in a woman assisted by the credit scheme for about 14 times. Moreover, the antilog of Reltrain coefficient is $5.5875 (\approx e^{1.720885})$. This indicates that relevant training (Reltrain) has the possibility of alleviating poverty in a woman receiving loans from the credit scheme for about 6 times.

5.2 Marginal Effect

Table 2:Marginal Effect Results

Variable	Marginal Effect
Ch	0.557308
Interest	-8.083797
Reltrain	0.3696871

Source: Field data, 2012

The more meaningful and applicable inference from the Logit model is by focusing on marginal effects rather than odds. From the marginal effects point of view (see table 2 above), it can be observed that a unit increase in Cooperation from the husband (Ch) increases the probability of a woman coming out of poverty by 0.56 which is equivalent to 56 percent. In regard to training, a unit increase in relevant training (Reltrain) increases the probability of a woman coming out of poverty by 0.36, an equivalent of 36 percent.

5.3 Testing of Hypotheses

a) Testing of Hypothesis one

H₀: A husband's cooperation has no influence on poverty alleviation among FINCA's women credit beneficiaries in Mwanza.

H₁: A husband's cooperation has an influence on poverty alleviation among FINCA's women credit beneficiaries in Mwanza.

From the above analysis it has been shown that cooperation from the husband upon a woman (wife) has a significant influence on her coming out of poverty. Therefore this leads to the rejection of the null hypothesis while accepting the alternative hypothesis in hypothesis one above.

b) Testing of hypothesis two

H₀: Interest rate has no influence on poverty alleviation among FINCA's women credit beneficiaries in Mwanza

H₁: Interest rate influences poverty alleviation among FINCA's women credit beneficiaries in Mwanza. From the foregoing analysis, results have demonstrated that interest rate is insignificant and therefore has no influence on poverty alleviation among women credit beneficiaries. Therefore this leads to the rejection of the alternative hypothesis while accepting the null hypothesis in hypothesis two above.

c) Testing of hypothesis three

Ho: Training has no influence on poverty alleviation among FINCA's women credit beneficiaries in Mwanza

H₁: Training influences poverty alleviation among FINCA's women credit beneficiaries in Mwanza.

Finally as the above results demonstrated, training has a significant influence on poverty alleviation among women credit beneficiaries in Mwanza. This leads to automatic rejection of the null hypothesis while accepting the alternative one in hypothesis three above.

6. Results and Discussion

From the findings it can be seen that for a woman who takes a loan from the credit scheme and has cooperation from the husband her possibility of coming out of poverty is 0.56 (which is equivalent to 56 percent) than the one who has no cooperation. Even the probability values of the Z statistic show that cooperation from the husband is significant at 5 percent level while in terms of logit cooperation from the husband can alleviate poverty in a woman (wife) for about 14 times. Cooperation from the husband has therefore an influence on poverty alleviation among women credit beneficiaries in Tanzania. The implication here is that an increase in cooperation from the husband increases the chances of alleviating poverty among women in Tanzania.

For a woman with relevant training about entrepreneurship, her possibility of coming out of poverty is 0.36, an equivalent of 36 percent. Even when taking the probability values of the Z statistic into account training was found to be significant at 5 percent level while in terms of logit, training was found to alleviate poverty in a woman for about 6 times. Relevant training has therefore an influence on poverty alleviation among women credit beneficiaries in Tanzania. This implies that an increase in relevant training on women increases the chances of alleviating poverty among them. Interest rate was found to be insignificant.

7. Conclusions and Recommendations

Poverty alleviation among women credit beneficiaries is a mind-boggling issue which has become a hard nut to crack among the Tanzanian government officials including policy makers. In the study it was found that there are factors that influence poverty alleviation in women who receive credit from credit schemes. Cooperation from the husband was one factor which was found to have an influence on poverty alleviation. Women who had full cooperation from their husbands had high chances of coming out of poverty than those who lacked it. Further, relevant training about entrepreneurship was also found to have an influence on poverty alleviation among women who received credit from the credit schemes because it gave them knowledge on how to utilize the loan on viable productive activities.

However, interest rate which was among the factors considered was found to be insignificant, meaning it had no influence on the logit.

In general, this study has revealed that women are faced with various hurdles which obviously tend to slow the process of poverty alleviation among them. As a result the following recommendations have been given so as to make the process of poverty alleviation among women credit-beneficiaries in Tanzania successful:

While giving training to women credit- beneficiaries, husbands should also be included so that they can be taught on the importance of cooperating with their wives in relation to the usage of loans obtained from credit schemes. Cooperation can extend to giving the wife ample time in order to go about her activities without any hindrance and even encouraging and supporting her in every way possible.

Relevant training given to women is a vital component which can guarantee the success of activities or businesses they engage in with the use of the loans they receive from credit schemes. Underlying this argument is the fact that women who are loan beneficiaries should be given relevant training on how to utilize the loan on different productive activities.

Finally, once microcredit institutions have given credit to women, they (microcredit institutions in Tanzania) should make a follow-up to know whether the money they give to women is utilized well or wasted by greedy husbands.

Future research should deal with laziness and complacency among women credit beneficiaries in Tanzania and its impact on poverty.

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